

Exhibit 1 to the Lower Basin Drought Contingency Plan Agreement

LOWER BASIN DROUGHT CONTINGENCY OPERATIONS

I. Relationship to 2007 Interim Guidelines and Implementing Agreements

These Lower Basin Drought Contingency Operations (LBOps) shall, in addition to the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (2007 Interim Guidelines) and the Implementing Agreements accompanying the 2007 Interim Guidelines, govern the operation of Lake Mead for the various periods set forth herein and as otherwise set forth in the 2007 Interim Guidelines. Terms defined in Section XI.F. of the 2007 Interim Guidelines shall have the same meaning when used in these LBOps. In the event of any inconsistency between the provisions of the 2007 Interim Guidelines and Implementing Agreements on the one hand, and these LBOps on the other, the provisions of these LBOps shall control; provided, however, that nothing herein shall be construed to impact the implementation of coordinated operations of Lakes Powell and Mead during the Interim Period as set forth in Section XI.G.6 of the 2007 Interim Guidelines.

II. Definitions

“Binational ICS” shall mean Binational Intentionally Created Surplus as that term is used in the Interim Operating Agreements for Minutes 319 and 323 to the 1944 Mexican Water Treaty.

“Creation of Non-ICS Water” under these LBOps occurs when, and to the extent, the amount of Colorado River water available for use by a state in a given Year under Article II(B) of the Consolidated Decree (after adjustments for reductions, Developed Shortage Supply creation or delivery, and ICS creation or delivery under the 2007 Interim Guidelines), exceeds the amount of Colorado River mainstream water consumptively used by that state in such Year. Such water shall not be DCP ICS.

“DCP Contributions” shall mean those contributions benefiting Lake Mead through any of the following:

- Conversion of existing Extraordinary Conservation ICS to DCP ICS
- Conversion of Extraordinary Conservation, System Efficiency, or Binational ICS created after the effective date of these LBOps to DCP ICS
- Simultaneous creation and conversion of Extraordinary Conservation, System Efficiency, or Binational ICS to DCP ICS
- Creation of Non-ICS Water

"DCP ICS" shall mean Intentionally Created Surplus converted from Extraordinary Conservation ICS, System Efficiency ICS, or Binational ICS as set forth in these LBOps. Reductions in Colorado River water available to a state pursuant to Section XI.G.2.D. of the 2007 Interim Guidelines shall not constitute DCP ICS.

"DCP ICS Account" shall mean records established by the Secretary regarding DCP ICS.

"Effective Date" means _____.

"Intra-State DCP Agreements" means agreements among, as appropriate, a Lower Division State, Contractors, Tribes and local government entities within such state setting forth the relative rights and obligations among Contractors within the state regarding DCP Contributions.

III. Operational Provisions

A. Reservoir Elevation Projections

In making projections of Lake Mead water surface elevations as required throughout these LBOps, the Secretary shall use the Bureau of Reclamation's August 24-Month Study for the most probable inflows unless expressly provided otherwise herein.

B. DCP Contributions

In addition to any reductions provided in Section XI.G.2.D. of the 2007 Interim Guidelines, from the Effective Date of these LBOps through December 31, 2025 (through preparation of the 2026 AOP), and consistent with applicable Intra-State DCP Agreements, the states of Arizona, California, and Nevada, shall make DCP Contributions as follows:

1. *Arizona*

a. Lake Mead January 1 elevation projected to be above 1,045 feet and at or below 1,090 feet

In Years when Lake Mead elevation is projected to be above 1,045 feet and at or below 1,090 feet on January 1, the state of Arizona shall make annual DCP Contributions in the total amount of 192,000 acre-feet.

b. Lake Mead January 1 elevation projected to be at or below 1,045 feet

In Years when Lake Mead elevation is projected to be at or below 1,045 feet on January 1, the state of Arizona shall make annual DCP Contributions in the total amount of 240,000 acre-feet.

2. *Nevada*

- a. Lake Mead January 1 elevation projected to be above 1,045 feet and at or below 1,090 feet

In Years when Lake Mead elevation is projected to be above 1,045 feet and at or below 1,090 feet on January 1, the state of Nevada shall make annual DCP Contributions in the total amount of 8,000 acre-feet.

- b. Lake Mead January 1 elevation projected to be at or below 1,045 feet

In Years when Lake Mead elevation is projected to be at or below 1,045 feet on January 1, the state of Nevada shall make annual DCP Contributions in the total amount of 10,000 acre-feet.

3. ***California***

- a. Lake Mead January 1 elevation projected to be above 1,040 feet and at or below 1,045 feet

In Years when Lake Mead elevation is projected to be above 1,040 feet and at or below 1,045 feet on January 1, the state of California shall make annual DCP Contributions in the total amount of 200,000 acre-feet.

- b. Lake Mead January 1 elevation projected to be above 1,035 feet and at or below 1,040 feet

In Years when Lake Mead elevation is projected to be above 1,035 feet and at or below 1,040 feet on January 1, the state of California shall make annual DCP Contributions in the total amount of 250,000 acre-feet.

- c. Lake Mead January 1 elevation projected to be above 1,030 feet and at or below 1,035 feet

In Years when Lake Mead elevation is projected to be above 1,030 feet and at or below 1,035 feet on January 1, the state of California shall make annual DCP Contributions in the total amount of 300,000 acre-feet.

- d. Lake Mead January 1 elevation projected to be at or below 1,030 feet

In Years when Lake Mead elevation is projected to be at or below 1,030 feet on January 1, the state of California shall make annual DCP Contributions in the total amount of 350,000 acre-feet.

4. ***DCP Contributions for the benefit of another State***

Contractors within one or more Lower Division States may make all or any portion of the DCP Contributions required of another Lower Division State under this Section III(B) or DCP ICS repayment as required under Section III(F); provided

- (i) each of the Lower Division States and affected Contractors

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- (ii) agree to any such contribution(s) in writing consistent with any applicable Intra-State DCP Agreements;
- (iii) drafts of such agreements are provided to the Secretary and the Upper Division States prior to any required board authorizations;
- (iv) DCP Contributions on behalf of another state through conversion of ICS to DCP ICS shall accrue to the DCP ICS Accounts of applicable Contractors in the contributing state and not the state on whose behalf the contribution is made; and
- (iv) notwithstanding the foregoing subsection (iii), the volume of any DCP ICS contributions made for the benefit of another state shall count against the storage limit set forth in Section IV(C) below and the ICS delivery limit set forth in Section IV(D) below of the state on whose behalf the contribution is made and not the contributing state.

C. Combined DCP Contributions and 2007 Interim Guidelines Shortages

For purposes of illustrating the combined DCP Contributions volumes set forth in these LBOps and the shortages required under Section XI.G.2.D of the 2007 Interim Guidelines, Table 1, below, combines the applicable volumes by elevation for each state.

Table 1 – DCP Contributions and 2007 Interim Guidelines Shortages by State

Projected January 1 Lake Mead Elevation (feet msl)	2007 Interim Guidelines Shortages		DCP Contributions			Combined Volumes (2007 Interim Guidelines Shortages & DCP Contributions)			
	Arizona	Nevada	Arizona	Nevada	California	Arizona	Nevada	California	Lower Division States Total
	(thousand acre-feet)								
At or below 1,090 and above 1,075	0	0	192	8	0	192	8	0	200
At or below 1,075 and at or above 1,050	320	13	192	8	0	512	21	0	533
Below 1,050 and above 1,045	400	17	192	8	0	592	25	0	617
At or below 1,045 and above 1,040	400	17	240	10	200	640	27	200	867
At or below 1,040 and above 1,035	400	17	240	10	250	640	27	250	917
At or below 1,035 and above 1,030	400	17	240	10	300	640	27	300	967
At or below 1,030 and at or above 1,025	400	17	240	10	350	640	27	350	1,017
Below 1,025	480	20	240	10	350	720	30	350	1,100

D. Water Deliveries/DCP Contributions

1. *Process regarding DCP Contributions*

In any year that DCP Contributions are required, the Secretary shall meet and confer at least once each quarter with any Contractor that is required to make DCP Contributions (as identified in Intra-State DCP Agreements) for the purpose of ensuring that the best available information regarding DCP Contribution status and the source of the DCP Contribution is available to both the Secretary and the affected Contractor. The Secretary shall consult upon request with any other Contractor regarding the implementation of DCP Contributions.

2. *Delivery Schedule Adjustments*

The Secretary shall adjust as necessary any scheduled deliveries of Colorado River water in a manner that ensures each state's DCP Contributions are within 25,000 acre-feet of the amounts set forth in Section III.B by the end of the Year in which such DCP Contributions are required. Such adjustments shall be in accordance with any Intra-State DCP Agreements. Prior to making any delivery schedule adjustment pursuant to this section, the Secretary shall provide the affected Contractor the maximum practicable notice and an opportunity to meet and confer with the Secretary.

3. *DCP Contributions Not Surplus*

The Secretary shall not release pursuant to Article II.B.6 of the Consolidated Decree any DCP Contribution during the Year of the DCP Contribution.

E. DCP Contributions Accounting Matters

1. *DCP Contributions*

On an annual basis, the Secretary shall document and publish in its Accounting Report pursuant to Article V of the Consolidated Decree, the amount of each of the DCP Contributions made pursuant to these LBOps.

2. *DCP ICS and System Benefit*

- a. In the annual Water Accounting Report the Secretary shall separately account for and verify the creation and delivery of DCP ICS in a manner consistent with Section XI.G.3.D. of the 2007 Interim Guidelines.
- b. Any delivery of DCP ICS pursuant to Section III.F of these LBOps shall be limited to amounts documented and published by the Secretary pursuant to this Section III.E.2.
- c. Beginning in 2027, and each Year thereafter, the Secretary shall diminish each DCP ICS Account by three percent (3%) for the benefit of the Colorado River system.
- d. The provisions for DCP ICS accounting shall remain in effect through December 31, 2057, for any amounts remaining to be delivered on December 31, 2026.

3. *Conversion of Excess DCP ICS to ICS*

In the event Lake Mead's January 1 elevation in a given Year is higher than that projected in the preceding August 24-Month Study, any DCP ICS creation that would not have occurred in such Year if the DCP Contribution had been determined based on Lake Mead's actual January 1 elevation rather than a projection will instead remain available as the type of ICS originally created to the extent such volumes are the result of conservation actions consistent with Exhibits A-____ of the Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement and any subsequent Exhibits executed pursuant to the 2007 Interim Guidelines and these LBOps.

4. *DCP Contribution Deficiency*

Notwithstanding Section III.D.2, above, in the event that any final Water Accounting Report indicates that a state's DCP Contribution in any prior Year is less than the exact amount required in Section III.B above, the state shall make DCP Contributions in the amount of the deficiency during the Year in which such final Water Accounting Report is published in addition to any DCP Contributions required by Section III.B for that Year.

5. *Cumulative DCP Contributions Accounting*

If at any time the cumulative volume of DCP Contributions is greater than or equal to 3.35 million acre-feet of contributions from Arizona, California and Nevada, the Secretary shall separately account for all such volumes in excess of 3.35 million acre-feet, and such volumes shall be available for delivery pursuant to Section III.F notwithstanding Section IV.C, below.

F. Delivery of DCP ICS

1. *Annual Limits*

Delivery of DCP ICS pursuant to this Section III.F shall be combined with and count toward the limitations on delivery of ICS set forth in Section XI.G.3.C.4 of the 2007 Interim Guidelines .

2. *Effective Period of Annual limits*

The annual limitations on delivery set forth in Section III.F.1 above shall remain in effect through December 31, 2057, for any amounts remaining to be recovered on December 31, 2026.

3. *Delivery of DCP ICS through December 31, 2026; repayment obligations*

a. Lake Mead January 1 elevation projected to be above 1,110 feet

In Years when Lake Mead's January 1 elevation is projected to be above 1,110 feet, the states of Arizona, California and Nevada shall be permitted to schedule delivery of DCP ICS without any repayment obligation.

b. Lake Mead January 1 elevation projected to be above 1,025 feet and at or below 1,110 feet

In Years when Lake Mead's January 1 elevation is projected to be above 1,025 feet and at or below 1,110 feet, the states of Arizona, California and Nevada shall be permitted to have short-term access to existing DCP ICS (adjusted to reflect any borrowing or repayment pursuant to this Section) as reflected in the most recent final Water Accounting Report, with the obligation that such volumes be repaid by December 31 of the Year following delivery. If there are insufficient repayments, the Secretary shall make appropriate delivery schedule adjustments consistent with Section III.D.2 to ensure that DCP ICS delivered pursuant to this Section III.F.3.b is fully and timely repaid.

c. Lake Mead January 1 elevation projected to be at or below 1,025 feet

In Years when Lake Mead's January 1 elevation is projected to be at or below 1,025 feet, delivery of DCP ICS shall not be permitted.

4. ***Delivery of DCP ICS from January 1, 2027, through December 31, 2057; repayment obligations***

a. Lake Mead January 1 elevation projected to be above 1,110 feet

In Years when Lake Mead's January 1 elevation is projected to be above 1,110 feet, the states of Arizona, California and Nevada shall be permitted to schedule delivery of DCP ICS without any repayment obligation.

b. Lake Mead January 1 elevation projected to be above 1,075 and at or below 1,110 feet

In Years when Lake Mead's January 1 elevation is projected to be above 1,075 feet and at or below 1,110 feet, the states of Arizona, California and Nevada may schedule delivery of DCP ICS and shall, not later than the fourth Year following the Year in which the water was delivered, elect one of the following repayment options:

1. Repay such quantities before or during the fifth Year following the Year in which the water was delivered; or
2. Instruct the Secretary to reduce the DCP ICS Account from which the water was borrowed by an additional twenty percent (20%) of the amount borrowed before or during the fifth Year following the Year the water was delivered.

In the event there is insufficient DCP ICS repaid under option 1, or insufficient DCP ICS in the DCP ICS Account to make the adjustment contemplated in option 2, the Secretary shall make appropriate delivery schedule adjustments consistent with Section III.D.2 to ensure that DCP ICS

delivered pursuant to this Section III.F.4.b is fully repaid by the end of the fifth Year following the Year in which it was delivered.

c. Lake Mead January 1 elevation projected to be above 1,025 feet and at or below 1,075 feet

In Years when Lake Mead's January 1 elevation is projected to be above 1,025 feet and at or below 1,075 feet, the states of Arizona, California and Nevada shall be permitted to have short-term access to existing DCP ICS (adjusted to reflect any borrowing or repayment pursuant to this Section) as reflected in the most recent final Water Accounting Report, with the obligation to repay any such quantities by December 31 of the Year following the Year in which the water was delivered. If there are insufficient repayments, the Secretary shall make appropriate delivery schedule adjustments consistent with Section III.D.2 to ensure that DCP ICS delivered pursuant to this Section III.F.4.c is fully and timely repaid.

d. Lake Mead January 1 elevation projected to be at or below 1,025 feet

In Years when Lake Mead's January 1 elevation is projected to be at or below 1,025 feet, delivery of DCP ICS shall not be permitted.

5. ***No System Assessment for DCP ICS Repayments***

There shall be no system assessment on the creation of any ICS for conversion to DCP ICS as repayment pursuant to Sections III.F.3.b, III.F.4.b, and III.F.4.c above..

IV. Incentives for Enhanced Creation of Intentionally Created Surplus Benefitting Lake Mead

A. Provisions Relating to System and Evaporation Assessments

1. ***Total assessed losses – existing Extraordinary Conservation ICS***

The amount of Extraordinary Conservation ICS available as of the Effective Date in each ICS Account maintained by the Secretary is provided in Table 2. On the Effective Date, the Secretary shall assess additional losses as necessary such that the total assessed losses (including both system assessments and evaporation) for all ICS set forth in Table 2 is ten percent (10%). Through December 31, 2026, these volumes shall not be subject to any further assessments for system or evaporation losses.

[insert table 2]

2. ***Total assessed losses – Extraordinary Conservation, Tributary, or Imported ICS created after the Effective Date***

There shall be a one-time deduction of ten percent (10%) of any Extraordinary Conservation, Tributary, or Imported ICS created after the

Effective Date. Through December 31, 2026, these volumes shall not be subject to any further assessments for system or evaporation losses.

3. ***Replenishment Incentive***

Notwithstanding Section IV.A.2above, there shall be no assessment made upon the creation of Extraordinary Conservation ICS to the extent of the volume of Extraordinary Conservation ICS delivered to the same Contractor in the preceding Year.

4. ***Total assessed losses – System Efficiency ICS***

System assessments and evaporation losses for System Efficiency projects created after the Effective Date, if any, will be determined on a case-by-case basis through exhibits to forbearance agreements.

B. **Creation Limits Flexibility Consultation**

If one but not all of the Lower Division States reaches its annual Extraordinary Conservation ICS creation limit as set forth in Section XI.G.3.B.4 of the 2007 Interim Guidelines, and if there remains a desire to create additional amounts of Extraordinary Conservation ICS, the Secretary, provided there is no objection by any Lower Division State not reaching its annual limit, may authorize additional Extraordinary Conservation ICS creation within the total annual limitation set forth in Section XI.G.3.B.4 of the 2007 Interim Guidelines (625,000 acre-feet).

C. **Storage Limits Augmentation and Sharing**

The maximum total amount of Extraordinary Conservation ICS, Binational ICS, and DCP ICS that may be accumulated in all ICS Accounts, at any time, is limited to the following:

1. 1.7 million acre-feet for California Contractors
2. 500 thousand acre-feet for Nevada Contractors
3. 500 thousand acre-feet for Arizona Contractors

Notwithstanding the foregoing, the appropriate entities in Arizona, California, and Nevada may agree that one or more Lower Division State may make available ICS accumulation space within the limits set forth above to another Lower Division State for use by such state's Contractors; provided (i) such agreements are in writing; and (ii) drafts of such agreements are provided to the Secretary and the Upper Division States prior to any required board authorizations.

D. **Delivery of ICS**

In addition to any Developed Shortage Supply, Extraordinary Conservation ICS, Binational ICS, and System Efficiency ICS shall be available for delivery as follows:

1. *Lake Mead January 1 elevation projected to be above 1,045 feet and at or below 1,075 feet*

In Years when Lake Mead's January 1 elevation is projected to be above 1,045 feet and at or below 1,075 feet, the combined total delivery of Extraordinary Conservation ICS, Binational ICS, System Efficiency ICS and DCP ICS shall be limited to the quantities set forth in Section XI.G.3.C.4 of the 2007 Interim Guidelines.

2. *Lake Mead January 1 elevation projected to be above 1,025 feet and at or below 1,045 feet*

In Years when Lake Mead's January 1 elevation is projected to be above 1,025 feet and at or below 1,045 feet, the combined total delivery of Extraordinary Conservation ICS, Binational ICS, System Efficiency ICS, DCP ICS, and the conversion of ICS to DCP ICS shall be limited to the quantities identified in Section XI.G.3.C.4 of the 2007 Interim Guidelines.

3. *Lake Mead January 1 elevation projected to be at or below 1,025 feet*

In Years when Lake Mead's January 1 elevation is projected to be at or below 1,025 feet, delivery of Extraordinary Conservation ICS, Binational ICS and System Efficiency ICS shall not be permitted.

E. Additional Cooperative Measures

Notwithstanding anything to the contrary within 43 C.F.R. Part 414 (Offstream Storage Of Colorado River Water And Development And Release Of Intentionally Created Unused Apportionment In The Lower Division States), interstate water transactions shall be permitted in Years when Lake Mead's January 1 elevation is projected to be above 1,045 feet.

F. Additional Intentional Conservation

The Secretary shall not release pursuant to Article II of the Consolidated Decree water intentionally conserved by a conservation program within a Lower Division state in which the Secretary participates and that results in reductions in consumptive use.

V. LBOps Implementation

A. AOP Process

The Secretary shall utilize the AOP process to determine operations under these LBOps in addition to those pursuant to the 2007 Interim Guidelines.

B. Consultation

The Secretary shall consult with the Lower Division States on the implementation of these LBOps in circumstances including, but not limited to, the following:

- 1 . If any 24-Month Study for the most probable inflows projects that Lake Mead will reach an elevation of 1,075 feet or below by December 31 of the Year in which such study is produced, the Secretary and Lower Division States shall meet and consult at least twice annually to review current and projected operations and associated projected Lake Mead elevations, and to consider whether any adjustments to projected Lower Basin operations are prudent or necessary.
- 2 . A position has not been formally expressed regarding a goal of operationally protecting a specific elevation of Lake Mead. In light of the foregoing, and for their individual and mutual benefit, the parties to the Lower Basin Drought Contingency Plan Agreement have formally acknowledged their commitment to individual and collective action in the Lower Basin to avoid and protect against the potential for the elevation of Lake Mead to decline to elevations below 1,020 feet. Such parties made these commitments recognizing the individual and collective harm that could occur from prolonged interruptions in Lower Basin water supplies from the Colorado River and will implement the commitment identified in this paragraph as follows:

If any 24-Month Study for the minimum probable inflows projects that Lake Mead elevations will be at or below 1,030 feet anytime within the succeeding two Years, the Secretary and Lower Division States shall consult and determine what additional measures will be taken by the Secretary and Lower Division States to avoid and protect against the potential for Lake Mead to decline to below 1,020 feet.

C. Term

These LBOps will remain in effect from the Effective Date through the Interim Period except for those matters for which longer periods are specified.

After the Interim Period the provisions for the accounting and delivery of DCP ICS shall remain in effect through December 31, 2057, as set forth in Section III.E.2.d, III.F.2 and III.F.4 above.

The provisions for the delivery of ICS set forth in Section IV.D above shall remain in effect through December 31, 2036, for any ICS remaining in an ICS Account on December 31, 2026.

The period during which Tributary Conservation ICS, Imported ICS, or Developed Shortage Supply may be created and delivered are unchanged from the 2007 Interim Guidelines.